(a) whether it is a fact that the rates of interest on the loans to be disbursed by the banks differ in the country;

(b) if so, the details of these rates; and

(c) the percentage of total loans which was disbursed at each of the above said rates during the year 2005-06 and the first half of the year 2006-07?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Yes, Sir. As reported by the Reserve Bank of India (RBI), the rates of interest charged by the banks differ from bank to bank.

RBI has deregulated the interest rates on advances above Rs. 2 lakh with effect from October 18, 1994. Interest rates are determined by the banks themselves with the approval of their Board of Directors subject to Benchmark Prime Lending Rate (BPLR) and Spread guidelines. In order to enhance transparency in pricing of their loan products, banks have been advised by the RBI to fix their BPLR after taking into account (i) actual cost of funds, (ii) operating expenses and (iii) a minimum margin to cover regulatory requirement of provisioning/capital charge and profit margin and ensure that the BPLR truly reflects the actual cost Individual banks, therefore, determine interest rates to be charged from a particular borrower subject to their BPLR and spread guidelines. however, loans up to Rs. 2 lakh carry the prescription of not exceeding the BPLR.

The range of actual lending rates on demand and term loans above Rs. 2 lakh for public sector banks, private banks and foreign banks stood at 4.00-16.50% 3.15-24.00% and 4.50-26.50%, respectively in December, 2006.

(c) The information is being collected and will be laid on the Table of the House.

Fringe Benefit Tax Collection

2308. SHRI SANTOSH BAGRODIA:
SHRI MAHMOOD A. MADANI:

Will the Minister of FINANCE be pleased to state:

(a) what was the target of Fringe benefit Tax collection for the year, 2006-07;

(b) how much has been collected so far;

(c) the number of cases of FBT pending before the appellate authorities since its introduction, year-wise, the details of the number of cases and the amount involved in such cases;

(d) the number of cases which have been disposed off so far, the number of disposal and the amount involved;

(e) whether Government have taken a view on the industry's demand to replace FBT with a higher Corporate tax; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The target of Fringe Benefit Tax collection relating to financial year 2006-07 is Rs. 4,800 crore.

(b) Rs. 4,027 crore has been collected up to February, 2007.

(c) and (d) As per provisions of the Income-tax Act, appeals are filed only on completion of assessment. Fringe Benefit Tax as introduced by Finance Act, 2005 is applicable from assessment. year 2006-07 and the time limit for completion of assessment for assessment year 2006-07 shall be over on 31.12.2008.

(e) and (f) Since FBT is a tax on disguised perquisites to employees by employers and is justified both on the principles of vertical and horizontal equity, there is no case for replacing it with a higher corporate income-tax.

Opening of branches by foreign banks

2309. SHRIMATI PREMA CARIAPPA:
SHRIMATI SHOBHANA BHARTIA:

Will the Minister of FINANCE be pleased to state:

(a) whether Ministry of Commerce and Industry proposal that foreign banks may be allowed to open maximum of 100 branches in a year, has been considered by the Cabinet;